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January 6, 1998

Lester Snow, Executive Director
CALFED Bay-Delta Program
1416 Ninth Street #1155
Sacramento, Ca. 95814

RE: PRELIMINARY LIST OF STEPS NECESSARY TO RESOLVE
OUTSTANDING CALFED ISSUES

Dear Lester,

As you know, The Bay Institute believes that to date a number of key program areas have not been adequately addressed or analyzed by the CALFED Bay-Delta Program. We have been concerned that omission of these areas not only represents a serious weakness in the planning process but would also mean that the Program had failed to adequately discharge its environmental documentation obligations under the National Environmental Policy Act and the California Environmental Quality Act.

We were therefore pleased to hear that you have decided not to identify a preferred alternative in the draft Programmatic Environmental Impact Report/Statement scheduled to be issued sometime this year. For the reasons stated above, we agree that it would be premature to designate a preferred alternative in this early draft. The Program should instead concentrate on conducting additional analyses and resolving outstanding issues that are prerequisite to designation of a preferred alternative. We offer the following preliminary suggestions regarding key areas where additional analyses are necessary:

1. Ecosystem restoration:

A strategic plan should be developed by mid-1998 to guide the long-term ecosystem restoration program. This plan should clarify:

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- goals and objectives;
- conceptual models of ecosystem function;
- basic restoration strategies;
- methodologies for assessment of the viability of populations, habitats, and ecosystems used to refine objectives and develop basic restoration strategies; and,
- the adaptive management strategy (including research agenda, monitoring and assessment criteria, scientific review, prioritization criteria, etc.).

The strategic plan should be developed using:

- a core drafting team of agency and independent experts in environmental planning, landscape ecology, adaptive management and other disciplines;
- a larger team of agency, stakeholder and independent technical experts working collaboratively (in small workgroups and focused invited participant workshops) with the strategic plan drafting team to address key strategic plan issues; and,
- an independent scientific review panel.

The ERPP implementation menu should be reviewed and revised (based on the strategic plan components) by late 1998.

2. Demand management:

The Program's impact analyses should be immediately expanded to include:

- more widely varying ranges of demand reduction (from land retirement, reclamation, agricultural and urban water conservation, changes in pricing including increased costs from proposed new storage and conveyance facilities, etc.) in modeling all of the alternatives.
- modeling of reoperation of the existing system at lower demand levels (of particular importance to the evaluation of Alternative I).

A technical panel of national and international technical experts in engineering, agricultural and resource economics, land-use planning and other disciplines should be convened in early 1998 to review the components of the existing water use efficiency common program, and the degree to which additional application of innovative technologies, changes in land use, use of financial incentives and disincentives, and

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other demand management mechanisms should be included in a common program or evaluated as part of a discrete alternative.

3. Water transfers:

A comprehensive proposal should be developed by mid-1998 for implementing a regulated water market. This proposal should specifically identify those institutional, legal, and financial components necessary to facilitate permanent and/or long-term transfers of water and water rights to instream uses.

The proposal should be developed using outside expertise in the following areas: water transfers law; the development of environmental water acquisition mechanisms in other western states; and the development of third-party impact mitigation mechanisms.

4. Water supply reliability:

Demand assumptions for offstream users should be articulated and justified in early 1998, in order to:

- help evaluate the ability of alternative sources of water supply (Bay/Delta surface supplies, Colorado River surface supplies, groundwater supplies, conservation, recycling, etc.) to contribute to meeting reasonable offstream needs, and,
- refine and, as appropriate, quantify the Program's water supply objectives.

The Program's analysis of the impacts of the various alternatives on water supply reliability should incorporate the results of the demand management and water transfers analyses discussed above.

5. Water quality:

The Program's impact analyses should be immediately expanded to include:

- more comprehensive evaluation of the potential benefits of source protection, pollution prevention, and watershed restoration elements;
- prioritization criteria for implementation of water quality measures;
- comparative cost analysis of meeting drinking water quality standards by treatment and source protection versus conveyance changes; and,
- more thorough evaluation of in-Delta water quality impairments of each conveyance alternative.

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An independent scientific review panel of technical experts in aspects of water quality regulation and management should be convened in early 1998 to review the water quality common program.

6. Levee maintenance:

A technical panel of experts in land-use planning, engineering, flood management, agricultural and resource economics, and other disciplines should be convened in early 1998 to evaluate the long-term sustainability of levee maintenance and associated agricultural activities in the Delta, with particular emphasis on:

- areas with peat soils; and,
- identification of financial and policy incentives and disincentives to maintain levees.

Building on the findings of the panel, a Delta land use report containing comprehensive recommendations for how the Program should address long-term Delta land use should be completed by mid-1998. This report should be developed using outside expertise in land-use planning, engineering, flood management, agricultural and resource economics, and other disciplines as appropriate.

7. Storage

The Program's impact analyses should be immediately expanded to include a comparative cost analysis of meeting water supply reliability objectives using new storage facilities versus an efficient, regulated water market, and other innovative water management approaches.

8. Phasing:

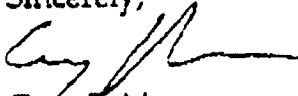
A phasing strategy should be evaluated in which:

- more environmentally sensitive, less costly Program components (e.g., habitat restoration, demand management) are tested during the initial phases of CALFED implementation (i.e., 25 years); and,
- additional elements are implemented under pre-agreed conditions only if a) certain program objectives are not met and b) previous implementation milestones are achieved.

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We reiterate that this list is preliminary and is not intended to represent a comprehensive inventory of all areas where further work is needed. We would be happy to meet with you and your staff to discuss these preliminary recommendations and to help map out a course for addressing the key outstanding issues which must be resolved before a preferred alternative can be selected by the Program.

Sincerely,



Gary Bobker
Senior Policy Analyst

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